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Does Obamacare saddle the middle class with a crushing tax burden?

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In an ideal or even pretty good world, political campaigns would educate the country about the great issues of the day. But not this time. Four months from Election Day, the candidates are frantically busy just pushing our buttons to lock in our votes. So we civilians, for whose benefit all this is supposed to be happening, are pretty much on our own in trying to cut through the noise for a few nuggets of reality-based information.

Where the Patient Protection and Affordable Care Act, aka Obamacare, is concerned, the problem is compounded because its opponents, believing, ahead of the Supreme Court's decision, that it was game over, have been pulling out all the stops trying to do what they thought the Court was going to do for them.

The ink on the Court's opinion was hardly dry before political action committee American Crossroads launched a national TV ad campaign to scare the bejesus out of middle class voters by telling them that the Act would impose a crushing tax burden on them. Senator John Cornyn, R-Texas, said the same thing on PBS. Jim Powell, a Fellow at the libertarian Cato Institute and Forbes contributor, said in an article that "The middle class will be especially hard hit by Obamacare taxes."

And now the Romney campaign, after being taken to the woodshed by the Wall Street Journal's editorial board, has decided after all that the penalty for not complying with the individual mandate to buy health insurance is really a tax that'll weigh heavily on the middle class.

So what's an ordinary voter to make of this?

According to one account I came across, the Act imposes 20 different taxes taking effect over the eight-year period from 2010 to 2018. Most of them raise relatively small amounts of revenue and will never be heard of by people like you and me. So I'll concentrate on the big money-makers.

The two biggest revenue producers, according to the Christian Science Monitor, are these: a 0.9% surcharge on the Medicare taxes paid on wages of $200,000 for single people and $250,000 for married joint filers, and a 3.8% tax on unearned income of over $250,000, such as dividends and capital gains.

Those two taxes together, says the Monitor, account for 40% of the revenue the Act will raise over the next ten years. But crushing burden on the middle class? Not even close. The U. S.

Census Bureau's report of total annual household money income for 2010 showed only 3.9% clocking in at $200,000 or over.

Another major tax is the 2.3% excise tax on medical devices, with those retailing for less than $100 being exempt. The Congressional Budget Office says this one's good for $107 billion over ten years. This tax, of course, will be passed on to consumers of these products. But the cost of the devices will be covered by insurance for those who have it. And it's reasonable to think that the competition among insurers fostered by the exchanges the Act provides for will moderate increases in the cost of insurance attributable to this tax.

Contrary to alarms raised by some that Obamacare is a radical, dangerous initiative, we actually have a fair amount of experience with insurance exchanges. Medicare subscribers shop for both supplemental insurance policies and prescription drug coverage in exchanges, which have worked well for them. Prescription drug costs in particular have been lower under this arrangement than initially projected.

Another bloody shirt waved by Forbes contributor Powell is that the floor for deducting medical expenses, now at 7.5% of adjusted gross income, will increase in 2013, when only medical expenses exceeding 10% of adjusted gross income will be deductible. (Tax payers 65 years of age and older get a three-year waiver from 2013 to 2016.)

Is this another middle class hit?

Doesn't look like it. You're only entitled to a deduction for medical expenses if you itemize. But the Tax Policy Center estimates that about 70% of tax payers don't. It's primarily filers in the higher brackets who itemize. For example, nearly 71% of filers in the 33% bracket itemize and that figure goes up to almost 90% for filers in the 35% bracket.

But surely the hated penalty, now a tax, for not complying with the hated individual mandate is going to sock it to the middle class, right?

Actually, not so much. The Congressional Budget Office projects that by 2016, two years after the mandate kicks in, only 3.9 million people will be paying the tax. Of those, 2.1 million will be earning more than $72,000 a year. And they can avoid the tax just by buying insurance, which some of them will be able to do with government subsidies. So this looks like another false alarm.

Well, what about the 40% tax on high value employer-provided health insurance that takes effect in 2018? That one may hit harder at some middle class taxpayers than the other big ticket items I've talked about. Unions, a key Democratic Party constituency, fiercely resisted this tax because many of them over the years had traded higher wages for generous health insurance packages. But all they got for their troubles was a postponement of the tax until 2018. Maybe the fact that unions are now only around 12% of the labor force had something to do with that.

These six taxes account for about three-quarters of the new revenue the Affordable Care Act is projected to raise over the first ten years. Except for Internet access and a lot of spare time, nothing qualifies me to hold forth on this issue, but, for what's it worth, Google and I didn't find a huge hit to the middle class in these levies.

If anybody's still reading and wants to wade through the rest of the 20 taxes the Act imposes, have at it. Maybe you could start with the "black liquor" tax.